

So Ordered.

Dated: September 9th, 2025



Frederick P. Corbit

Frederick P. Corbit
Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON

In re:

IDEAL PROPERTY INVESTMENTS,
Debtor.¹

Lead Case No. 24-01421-11

**FINDINGS OF FACT,
CONCLUSIONS OF LAW, AND
ORDER ESTABLISHING
EXISTENCE OF PONZI SCHEME**

¹ Debtor Ideal Property Investments, LLC ("Ideal") is a related Debtor to Debtors Refreshing USA, LLC (85-3358945) ("Refreshing"), Case No. 24-01863-11; Water Station Management LLC (81012-2716) ("WSM"), Case No. 24-01864-11; and Creative Technologies, LLC (46-2581888) ("Creative" and, together with Refreshing and Water Station Management, "Opco Debtors"), Case No. 24-01866-11. Ideal, together with Opco Debtors and Debtors' related affiliates defined in the Supplemental Becky Yang O'Malley Report (Dkt. 843, Ex. A), ¶ 2, Appendix C, are referred to herein as "Debtors" or "WST Enterprise."

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER FOR PONZI
SCHEME - Page 1

1601888029.2

1 On July 16, 2025, Ideal Property Investments LLC (“Ideal”) filed its Second
2 Amended Plan of Liquidation [ECF No. 718] (the “Plan”).² The Court set and held
3 the Plan confirmation hearing on September 8, 2025 (the “Confirmation Hearing”).
4 In connection with the Confirmation Hearing, the Official Committee of Unsecured
5 Creditors (“Committee”) requested that the Court make findings and draw
6 conclusions with respect to whether the Debtor had operated its business as a Ponzi
7 scheme. The Committee having:

- 8 a. filed, on August 1, 2025, the *Memorandum in Support of Ponzi*
9 *Scheme Findings Under Chapter 11 Plans of Liquidation* [ECF No.
10 754] (“Ponzi Brief”);
- 11 b. filed, on August 1, 2025, the *Declaration of John T. Bender in*
12 *Support of Memorandum in Support of Ponzi Scheme Findings Under*
13 *Chapter 11 Plans of Liquidation* [ECF No. 755] (“Bender
14 Declaration”);
- 15 c. filed, on August 1, 2025, the *Declaration of Becky Yang O’Malley in*
16 *Support of Memorandum in Support of Ponzi Scheme Findings Under*
17 *Chapter 11 Plans of Liquidation* [ECF No. 756] (“O’Malley
18 Declaration”);
- 19 d. filed, on August 1, 2025, the *Declaration of Brian Weiss in Support of*
20 *Memorandum in Support of Ponzi Scheme Findings Under Chapter*
21 *11 Plans of Liquidation* [ECF No. 757] (“Weiss Declaration”);
- 22 e. filed, on August 1, 2025, the *Declaration of Neal Sherman in Support*
23 *of Memorandum in Support of Ponzi Scheme Findings Under Chapter*
24 *11 Plans of Liquidation* [ECF No. 758] (“Sherman Declaration”);

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FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER FOR PONZI
SCHEME - Page 2

1601888029.2

- 1 f. filed and served, on August 8, 2025, *Supplemental Notice of Hearing*
2 *to Consider Confirmation of Plan and Request for Entry of Findings*
3 *that Debtor’s Plan of Liquidation and Granting Related Relief* [ECF
4 No. 779] (“Supplemental Notice”);
- 5 g. Filed, August 26, 2025, *Notice of Errata Regarding Declaration of*
6 *Brian Weiss in Support of Memorandum in Support of Ponzi Scheme*
7 *Findings Under Chapter 11 Plans of Liquidation* [ECF No. 812]
8 (“Weiss Errata”);
- 9 h. Filed, September 4, 2025, *Supplemental Declaration of John T.*
10 *Bender in Support of Memorandum In Support of Ponzi Scheme*
11 *Findings Under Chapter 11 Plans of Liquidation* [ECF No. 842]
12 (“Supplemental Bender Declaration”);
- 13 i. Filed, September 4, 2025, *Supplemental Declaration of Becky Yang*
14 *O’Malley in Support of Memorandum In Support of Ponzi Scheme*
15 *Findings Under Chapter 11 Plans of Liquidation* [ECF No. 843]
16 (“Supplemental O’Malley Declaration”);
- 17 j. Filed, September 4, 2025, *Supplemental Declaration of Brian Weiss in*
18 *Support of Memorandum In Support of Ponzi Scheme Findings Under*
19 *Chapter 11 Plans of Liquidation* [ECF No. 844] (“Supplemental
20 Weiss Declaration”);
- 21 k. Filed, September 5, 2025, the *Amended Memorandum in Support of*
22 *Ponzi Scheme Findings Under Chapter 11 Plans of Liquidation* [ECF
23 No. 754] (“Amended Ponzi Brief”);
- 24 l. Filed, September 8, 2025 *Declaration of Sterling Davis in Support of*
25 *Memorandum In Support of Ponzi Scheme Findings Under Chapter*
26 *11 Plans of Liquidation* (“Davis Declaration”) [ECF No. 866].

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER FOR PONZI
SCHEME - Page 3

1601888029.2

1 The Bankruptcy Court, having:

- 2 a. set September 8 and 9, 2025, at 10:00 a.m. (prevailing Pacific Time)
3 as the date and time for the commencement of the Confirmation
4 Hearing, pursuant to Bankruptcy Rules 3017 and 3018 and sections
5 1126, 1128, and 1129 of the Bankruptcy Code;
- 6 b. reviewed the Ponzi Brief, the Amended Ponzi Brief, the Bender
7 Declaration, the O'Malley Declaration, the Weiss Declaration, the
8 Sherman Declaration, the Weiss Errata, the Supplemental Bender
9 Declaration, the Supplemental O'Malley Declaration, the
10 Supplemental Weiss Declaration, the Davis Declaration and all
11 pleadings, exhibits, statements, responses, and comments filed in the
12 Chapter 11 Cases regarding confirmation of the Plan ("Confirmation")
13 and making of the Ponzi Findings (as defined below), including any
14 objections, statements, and reservations of rights filed by parties in
15 interest on the docket of the Chapter 11 Cases;
- 16 c. held the Confirmation Hearing, including hearing live testimony and
17 virtual testimony in support of the making of the Ponzi Findings;
- 18 d. heard and considered the statements and arguments made by counsel
19 with respect to the Ponzi Findings;
- 20 e. heard and considered all oral representations, affidavits, testimony,
21 documents, filings, and other evidence regarding the Ponzi Findings;
22 and
- 23 f. taken judicial notice of all pleadings and other documents filed, all
24 evidence proffered or adduced, and all arguments presented, in
25 connection with the Ponzi Findings.

26 **NOW THEREFORE**, the Bankruptcy Court having found that notice of the

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER FOR PONZI
SCHEME - Page 4

1601888029.2

1 Committee's intent to seek the Ponzi Findings and the opportunity for any party in
2 interest to object to the Ponzi Findings having been adequate and appropriate as to
3 all parties affected and the transactions and settlements contemplated thereby; and
4 the record of the Chapter 11 Cases and the legal and factual bases set forth in the
5 documents filed in support of Confirmation and presented at the Confirmation
6 Hearing including, but not limited to, the Ponzi Brief, the Amended Ponzi Brief, the
7 Bender Declaration, the O'Malley Declaration, the Weiss Declaration, the Sherman
8 Declaration, the Weiss Errata, the Supplemental Bender Declaration, the
9 Supplemental O'Malley Declaration, the Davis Declaration, and the Supplemental
10 Weiss Declaration establish just cause for the relief granted in this Order; and after
11 due deliberation thereon and good cause appearing therefor, the Bankruptcy Court
12 hereby makes and issues the following findings of fact, conclusions of law, and
13 order:

14 **FINDINGS OF FACT AND CONCLUSIONS OF LAW**

15 **IT IS HEREBY DETERMINED, FOUND, ADJUDGED, DECREED,**
16 **AND ORDERED THAT:**

17 **A. Findings of Fact and Conclusions of Law.**

18 1. The findings of fact and conclusions of law set forth in this Order and
19 on the record at the Confirmation Hearing constitute the Bankruptcy Court's
20 findings of fact and conclusions of law under Federal Rule of Civil Procedure 52, as
21 made applicable herein by Bankruptcy Rules 7052 and 9014. All findings of fact
22 and conclusions of law announced by the Bankruptcy Court at the Confirmation
23 Hearing in relation to the Ponzi Findings are hereby incorporated into this Order to
24 the extent not inconsistent herewith. To the extent any of the following conclusions
25 of law constitute findings of fact, or vice versa, they are adopted as such.

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FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER FOR PONZI
SCHEME - Page 5

1601888029.2

1 **B. Jurisdiction, Venue, and Core Proceeding.**

2 2. The Bankruptcy Court has subject matter jurisdiction over the Chapter
3 11 Cases pursuant to 28 U.S.C. §§ 157 and 1334. The entry of the Ponzi Findings
4 in connection with approval of Plan is a core proceeding under 28 U.S.C. §§
5 157(b)(2)(L). Venue is proper under 28 U.S.C. §§ 1408 and 1409. Confirmation of
6 the Plan is a core proceeding under 28 U.S.C. § 157(b)(2), and the Bankruptcy Court
7 may enter a final order consistent with Article III of the Constitution.

8 **C. Objections.**

9 3. To the extent that any objections (including any reservations of rights)
10 to the Ponzi Findings have not been withdrawn, waived, or settled prior to entry of
11 this Order, or are not otherwise resolved under this Order or as stated by the Debtors
12 and/or the Committee on the record of the Confirmation Hearing, all such objections
13 are overruled on the merits. Any resolutions of objections to entry of this Order
14 explained on the record at the Confirmation Hearing are hereby incorporated by
15 reference.

16 **D. Conduct of a Ponzi Scheme.**

17 4. As set forth in the Ponzi Brief, the Amended Ponzi Brief, the Bender
18 Declaration, the O'Malley Declaration, the Weiss Declaration, the Sherman
19 Declaration, the Weiss Errata, the Supplemental Bender Declaration, the
20 Supplemental O'Malley Declaration, the Davis Declaration, and the Supplemental
21 Weiss Declaration, from at least March 2018 through September 2024, Debtors
22 perpetrated a scheme to defraud thousands of victims by raising more than \$400
23 million in outside capital under false pretenses, failing to deploy investor funds as
24 promised, and misappropriating and converting funds for unauthorized purposes
25 including the enrichment of insiders. To execute the scheme, Debtors falsely held
26 the WST Enterprise (as defined below) out to the public as the manufacturer,

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER FOR PONZI
SCHEME - Page 6

1601888029.2

1 assembler, seller, servicer, and owner of a highly profitable, nationwide vending
2 machine business.

3 5. Based on the evidence above and the evidence presented at the
4 Confirmation Hearing, the Bankruptcy Court hereby finds (the “Ponzi Findings”),
5 that (i) the “WST Enterprise,” consisting of Debtors in these consolidated cases and
6 their related affiliates (*see* Supplemental O’Malley Declaration, Ex. A, ¶ 2,
7 Appendix C), operated as a single economic unit; (ii) the WST Enterprise
8 inextricably commingled their financial affairs; (iii) the WST Enterprise had
9 insufficient operating income to meet their liabilities on a current basis no later than
10 March 1, 2018; (iv) the WST Enterprise routinely used funds raised from machine
11 purchasers, bond issues, and lenders to make payments owed to earlier investors and
12 creditors; and (v) the WST Enterprise operated as Ponzi scheme no later than March
13 1, 2018 (the “Ponzi Start Date”). *See In re EPD Inv. Co.*, 114 F.4th 1148, 1162–63
14 (9th Cir. 2024).

15 ORDER

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17 **BASED ON THE FOREGOING FINDINGS OF FACTS AND**
18 **CONCLUSIONS OF LAW, IT IS HEREBY ORDERED, ADJUDGED, AND**
19 **DECREED, THAT:**

20 **A. Ponzi Findings.**

21 6. Entry of this Order constitutes Ponzi Findings that (i) the “WST
22 Enterprise,” consisting of Debtors in these consolidated cases and their related
23 affiliates (*see* Supplemental O’Malley Declaration, Ex. A, ¶ 2, Appendix C),
24 operated as a single economic unit; (ii) the WST Enterprise inextricably
25 commingled their financial affairs; (iii) the WST Enterprise had insufficient
26 operating income to meet their liabilities on a current basis no later than March 1,

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER FOR PONZI
SCHEME - Page 7

1601888029.2

1 2018; (iv) the WST Enterprise routinely used funds raised from machine purchasers,
2 bond issues, and lenders to make payments owed to earlier investors and creditors;
3 and (v) the WST Enterprise operated as Ponzi scheme no later than March 1, 2018
4 (the “Ponzi Start Date”).

5 7. The Ponzi Findings, including the finding of the Ponzi Start Date, are
6 not preclusive or binding on the First Fed Released Parties in any other court or
7 governmental or regulatory authority, or in any other proceedings in this Court.
8 None of the Debtors, the Committee, the Liquidation Trust, nor the Liquidation
9 Trustee will seek to enforce the same against the First Fed Released Parties in this
10 Bankruptcy Court. In the event any party attempts to assert the Ponzi Findings are
11 binding against any of the First Fed Released Parties in any other proceeding, such
12 First Fed Released Parties shall be entitled to seek relief from this Court to enforce
13 the First Fed Released Parties’ rights pursuant to this Order and the First Fed
14 Settlement Agreement. The First Fed Released Parties have not had a full or fair
15 opportunity to litigate any Ponzi Findings to a final order or judgment, and that no
16 claims have been specifically asserted against the First Fed Released Parties, or
17 otherwise adjudicated in any manner against such parties in relation to the Plan or
18 through Confirmation of the Plan.

19 8. These Ponzi Findings are a critical component of the Plan and are
20 designed to provide a resolution of the innumerable disputed intercompany and
21 intercreditor Claims, Liens, and Causes of Action that otherwise could take years to
22 resolve, which would delay and undoubtedly reduce the Distributions that ultimately
23 would be available for all Creditors, as well as a basis for Creditors to, as applicable,
24 seek certain treatment for their losses due to the Ponzi scheme under the United
25 States Tax Code.

26 9. On September 2, 2025, Creditor First Security Bank of Nevada (“First

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER FOR PONZI
SCHEME - Page 8

1601888029.2

Security”) filed a *Limited Objection of First Security Bank of Nevada to Confirmation of Second Amended Plan of Liquidation* [ECF No. 832]. First Security’s objection has been resolved and withdrawn. Any finding of fact or conclusion of law by the Bankruptcy Court or any appellate court in connection with the confirmation of the Plan related to a Ponzi Finding, shall have no preclusive effect on First Security, shall not be binding on First Security in any future litigation or proceeding by or against First Security in any tribunal, and shall not be relied upon or cited by any party in support of a claim against First Security in any such future litigation or proceeding. Any and all rights and defenses of First Security, the Debtors, the Committee, the Liquidation Trust, and/or the Liquidation Trustee are preserved.

10. Any finding of fact or conclusion of law by the Bankruptcy Court or any appellate court in connection with the confirmation of the Plan related to the existence of a Ponzi scheme, a Ponzi start date, or any fraud or misconduct by or on behalf of the Debtors, shall have no preclusive effect on Cantaloupe, Inc. or any of its affiliates (“Cantaloupe”), shall not be binding on Cantaloupe in any future litigation or proceeding by or against Cantaloupe in any tribunal, and shall not be relied upon or cited by any party in support of a claim against Cantaloupe in any such future litigation or proceeding. Any and all rights and defenses of Cantaloupe, the Debtors, the Committee, the Liquidation Trust, and/or the Liquidation Trustee are preserved.

11. Any finding of fact or conclusion of law by the Bankruptcy Court or any appellate court in connection with the confirmation of the Plan relating to any finding of a Ponzi scheme, a Ponzi start date, or any fraud or misconduct by or on behalf of the Debtors, or any claim or cause of action asserted against Seaga Manufacturing, Inc. (“Seaga”), shall have no preclusive effect on Seaga and shall

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER FOR PONZI
SCHEME - Page 9

1601888029.2

1 not be binding on Seaga in any future litigation or proceeding against Seaga in any
2 tribunal. Neither the Debtors, the Committee, the Liquidation Trust, nor the
3 Liquidation Trustee will pursue any action in the Bankruptcy Court against Seaga,
4 nor seek to enforce any such findings against Seaga or contend that Seaga is bound
5 by any such findings; provided that, in the event Seaga files a motion or complaint
6 in the Bankruptcy Court asserting a monetary claim or seeking affirmative recovery
7 of funds from the Debtors' Estates or the Liquidation Trust (beyond filing a proof of
8 claim) based on any activity, the Debtors, the Committee, the Liquidation Trust, or
9 the Liquidation Trustee (as applicable) will be permitted to respond to such action
10 and seek to enforce the findings.

11 12. Any finding of fact or conclusion of law by the Bankruptcy Court or
12 any appellate court in connection with the confirmation of the Plan (including any
13 underlying facts, evidence or expert reports submitted in support of such finding of
14 fact or conclusions of law) relating to any finding of (i) a Ponzi scheme (including
15 the Ponzi Finding); (ii) a Ponzi start date; (iii) any fraud or misconduct by or on
16 behalf of the Debtors, shall have no preclusive effect on 352 Capital and shall not be
17 binding on 352 Capital in any current or future litigation or proceeding by or against
18 352 Capital (including in any claim objection) in any court, tribunal or authority.
19 Without limitation on the foregoing, neither the Debtors, the Committee, the
20 Liquidation Trust, nor the Liquidation Trustee will seek to enforce any such findings
21 or conclusions against 352 Capital or contend that 352 Capital is bound by any such
22 findings or conclusions. Any and all rights and defenses of 352 Capital to defend
23 claims, claim objections, causes of action against it, commence any action, or to
24 rebut any facts or underlying reports/findings or conclusions in connection with the
25 Ponzi scheme are preserved.

26 13. "352 Capital" means 3/5/2 Capital GP LLC, 3/5/2 Capital ABS Master

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER FOR PONZI
SCHEME - Page 10

1601888029.2

1 Fund, Leucadia Asset Management LLC, any accounts managed by Leucadia Asset
2 Management through its 3/5/2 Capital Division and “352 Capital Claims” means all
3 claims held by 352 Capital and claims of U.S. Bank Trust Company, National
4 Association, as trustee, relating to the bonds issued by Water Station Management,
5 LLC pursuant to an indenture dated April 29, 2022 (as subsequently modified from
6 time to time).

7 **B. Final Order.**

8 14. This Order is a Final Order and the period in which an appeal must be
9 filed shall commence upon entry hereof.

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11 ///End of Order///
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15 Presented by:

16 /s/ Michael J. Gearin

17 Michael J. Gearin, WSBA #20982

18 John T. Bender, WSBA #49658

19 Michael W. Meredith, WSBA #45264

20 Madisyn M. Uekawa, WSBA #56953

21 Clara M. Virden, WSBA #60308

22 *Official Committee of Unsecured Creditors*
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